

## **MINUTES OF THE STANDING COMMITTEE ON ENERGY AND TECHNOLOGY**

**Wednesday, May 25, 2005                      9:00 a.m.                      Room 519 House Office Building, Lansing**

Representative Nofs, Chair, called the meeting to order.

**MEMBERS PRESENT: Representatives Nofs, Proos, Emmons, Garfield, Huizenga, LaJoy, Stahl, Baxter, Moore, Schuitmaker, Accavitti, Murphy, Mayes, Hunter, Hopgood, Clemente. (16/19)**

**ABSENT/EXCUSED: Representatives Drolet, Palsrok, Dillon. (3/19)**

Representative Proos made a motion to adopt the minutes of the meeting of May 11, 2005, supported by Representative Accavitti. No objections being offered, a unanimous ballot was cast to accept the minutes as presented.

Susan Devon, Director, Regulated Energy, and Brian Ballinger, Manager, Financial Analysis Section, of the Michigan Public Service Commission (MPSC), provided a presentation regarding the Basic Principles of Energy Utility Pricing and the Cost of Capital. Topics reviewed included: the Principles of Rate Regulation, the Rate Case Process, Determining Revenue Requirements, and Allocation of Revenue Requirements to Various Classes of Service. Included in the discussion regarding the Cost of Capital, information was provided regarding Cost Concept, Types of Return, Capital Structure, Capital Costs and Cost of Equity Approaches.

Questions were answered for Committee members.

Representative Schuitmaker made a motion to excuse absent members, supported by Representative Mayes. No objections being offered, absent members were excused.

There being no additional business before the Committee, Chair Nofs declared the Committee adjourned, the time being 10:15 a.m.

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Representative Mike Nofs, Chair

Catherine Petroskey, Committee Clerk  
(517) 373-8538